



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 15, 1994

Mr. Steven W. DeLong
P.O. Box 504
Ivins, Utah 84770

Re: Amended Notice of Intention to Commence Exploration Activities, Rainbows End Project, E/053/039 & S/053/032, Washington County, Utah

Dear Mr. DeLong:

On June 28, 1994, we received a copy of your amended Notice of Intent for the Rainbows End exploration project from the Bureau of Land Management. The proposed exploration project is located on BLM managed land in Sections 26 and 27, T39S, R18W, SLBM, Washington County, Utah. The BLM's designated project number is UTU-70057.

Your amended notice which proposes a change to the original mine access/haul road alignment, satisfies the notice requirements of Rule R647-2 of the Utah Mined Land Reclamation Act of 1975, Title 40-8, et seq., Utah Code Annotated. However, following recent conversations with Mr. Larry Gore of the BLM, it is our understanding that you may have removed a number of truckloads of ore from the mine which was sent out of state for processing/refining. He also indicated that you are trying to acquire some additional property locally, with the intent of setting up your own milling/processing operation.

In our letter, dated December 15, 1992, we accepted and categorized your original application as an exploration notice. We informed you that should your operation go beyond simple road building activities and include actual mine development work, then we would need to recategorize your operation as a Small Mining Operation (refer to enclosed letter). Based upon these more recent developments, it now seems appropriate to recategorize your activities under a small mining notice. Enclosed is a copy of our Notice of Intention to Commence Small Mining Operations application form. Would you please complete the application form and submit it to this office as soon as possible for processing.

If you are planning on developing a mill site for processing the ore mined from the Rainbows End mine, and it falls within a 2 mile radius of the mine, then the disturbance associated with the millsite will need to be included under your Small Mining Notice for the

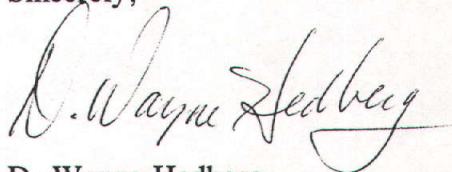


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Rainbows End project. If the millsite will be located over 2 miles from the mine, then it should be permitted under a separate small mining notice.

Thank you for your cooperation and attention to this matter. If you have questions or concerns in this regard or in filling out the small mining application form, please contact me directly at (801) 538-5340. Please reference our designated small mine file number S/053/032 when forwarding additional information on this project to us.

Sincerely,

A handwritten signature in cursive script that reads "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosures: SMO Rules & Form; 12/15/92 ltr
cc: Larry Gore, Dixie RA, BLM
E053039